



ICELANDAIR



Condensed

Consolidated Interim

Financial Statements

2 1 January—30 June 2024

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Endorsement and Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements of Icelandair Group hf. for the period from 1 January to 30 June 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) for Interim Financial Statements (IAS 34). The Interim Financial Statements comprise the Consolidated Interim Financial Statements of Icelandair Group hf. (the "Company") and its subsidiaries together referred to as the "Group". All amounts are stated in thousands of USD.

According to the Consolidated Statement of Comprehensive Income, loss for the period from 1 January to 30 June 2024 amounted to USD 58.8 million. Total comprehensive loss for the period was USD 56.1 million. Equity on 30 June 2024 amounted to USD 232.7 million, according to the Consolidated Statement of Financial Position, and share capital amounted to USD 311 million. Reference is made to the Consolidated Statement of Changes in Equity regarding information on changes in equity.

Statement by the Board of Directors and the CEO

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Icelandic disclosure requirements for Consolidated Financial Statements of listed companies. The Condensed Consolidated Interim Financial Statements have neither been audited nor reviewed by the Company's independent auditors.

Positive results have been achieved on the cost side, which is reflected in the 2.4% reduction in unit cost in the second quarter despite significant cost increases in some parts of the value chain. The temporary decline in the passenger market to Iceland and the changes in the passenger mix affected passenger revenue and the financial results of the route network, in addition to the stronger demand during Easter in March this year compared to April last year. There was a continued positive turnaround in the Cargo operation and the Leasing operation performed well.

Icelandair transported 1.2 million passengers in the second quarter, 3% more than last year's second quarter. Strong competition with other destinations and the impact of repeated volcanic eruptions in Reykjanes on global media coverage on Iceland have temporarily softened demand for flights to Iceland. To compensate for this, Icelandair has utilized the flexibility of its route network and placed greater emphasis on the transatlantic market, which has led to changes in the passenger mix. The number of connecting passengers increased by 25% between years and accounted for 50% of the total number of passengers compared to 41% last year. However, the number of passengers on the market to Iceland decreased by 15% and accounted for 29% of the total number of passengers compared to 35% last year. The number of passengers in the market from Iceland decreased by 9%, and the number of domestic passengers remained the same year-on-year. Flight operations performed well during the quarter, with an on-time performance of 86%, up by a considerable 11 percentage points compared to the second quarter last year.

Following a challenging year in the Cargo operations in 2023, various actions have restored the profitability of the segment. Measures included leasing out one of two freighter aircraft, adjusting the cargo flight schedule to market conditions, and organizational changes. The Leasing operation performed well and is gradually expanding. Five aircraft are in operation at the Company's largest leasing customer, and a third aircraft has been added to the Company's VIP Private Jet services to meet the high demand in that segment.

Icelandair employed an average of 3,708 full-time employees in Q2, down by 2% between years. The Company outsourced its flight kitchen operation from 1 March 2024, which reduced 200 FTEs from March.

Equity amounted to USD 232.7 million, with an equity ratio of 13% at the end of June. The total liquidity position is strong, with cash and marketable securities amounting to USD 465 million, of which USD 52 million are in the form of committed undrawn revolving facilities.

The year 2023 marked a significant milestone for Icelandair as the Company completed its post-pandemic ramp-up and returned to profitability, contributing to the recovery of the tourism industry and, thus, Iceland's economy as a whole. Following this rapid growth phase, Icelandair is now focusing on optimizing its operations by driving efficiencies and increasing its competitiveness, as was reflected in lower CASK in the second quarter despite high inflation. Icelandair launched a comprehensive transformation journey to support this aspiration in the first half of 2024, which is named *ONE – collaborative effort, one journey*.

Endorsement and Statement by the Board of Directors and the CEO, contd.:

Statement by the Board of Directors and the CEO, contd.:

According to our best knowledge it is our opinion that the Condensed Consolidated Interim Financial Statements give a true and fair view of the financial performance of the Group for the six month period ended 30 June 2024, its assets, liabilities and consolidated financial position as at 30 June 2024 and its consolidated cash flows for the period then ended.

Further, in our opinion, the Condensed Consolidated Interim Financial Statements and the Endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describes the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Icelandair Group hf. for the period 1 January to 30 June 2024 and confirm them by means of their signatures.

Reykjavík, 17 July 2024.

Board of Directors:

Guðmundur Hafsteinsson, Chairman of the Board

Nina Jonsson

John F. Thomas

Matthew Evans

Svafa Grönfeldt

CEO:

Bogi Nils Bogason

Consolidated Income Statement and other Comprehensive Income for the period from 1 January to 30 June 2024

	Notes	2024 Q2	2023 Q2	2024 YTD	2023 YTD
Operating income					
Passenger revenue	7	353,183	352,728	552,045	523,268
Cargo revenue		16,885	22,020	37,581	45,711
Leasing revenue		20,654	19,456	39,982	38,539
Other operating revenue	7	18,661	19,976	38,736	39,917
		409,383	414,180	668,344	647,435
Operating expenses					
Salaries and salary-related expenses		106,968	105,930	201,460	184,592
Aircraft fuel		96,531	95,580	160,619	162,188
Other aviation expenses		73,846	71,024	128,418	119,834
Other operating expenses		91,468	86,046	172,608	157,307
	8	368,813	358,580	663,105	623,921
Operating profit before depreciation and amortization (EBITDA)					
		40,570	55,600	5,239	23,514
Depreciation and amortization	9	(37,261)	(34,746)	(70,822)	(64,285)
Operating profit (loss) (EBIT)					
		3,309	20,854	(65,583)	(40,771)
Finance income		8,968	3,176	17,015	9,514
Finance cost		(11,107)	(10,431)	(22,460)	(19,711)
Net finance cost					
	10	(2,139)	(7,255)	(5,445)	(10,197)
Gain on sale of subsidiary		0	1,381	0	1,381
Share of (loss) gain of associates		(646)	361	(1,103)	(174)
Profit (loss) before tax (EBT)					
		524	15,341	(72,131)	(49,761)
Income tax		98	(1,685)	13,336	14,285
Profit (loss) for the period					
		622	13,656	(58,795)	(35,476)
Other comprehensive (loss) income:					
Currency translation differences		(73)	666	(2,959)	5,253
Net profit (loss) on hedge of investment, net of tax		31	264	(1,093)	1,942
Cash flow hedges - effective portion of changes in fair value, net of tax		(1,035)	5,353	5,630	3,492
Cash flow hedges - reclassified to profit or loss		(403)	(5,286)	1,162	(7,618)
Other comprehensive (loss) income for the period					
		(1,480)	997	2,740	3,069
Total comprehensive (loss) profit for the period					
		(858)	14,653	(56,055)	(32,407)
Profit (loss) attributable to:					
Owners of the Company		531	13,477	(59,037)	(35,799)
Non-controlling interest		91	179	242	323
Profit (loss) profit for the period					
		622	13,656	(58,795)	(35,476)
Total comprehensive (loss) profit attributable to:					
Owners of the Company		(949)	14,467	(56,297)	(32,735)
Non-controlling interest		91	186	242	328
Total comprehensive (loss) profit for the period					
		(858)	14,653	(56,055)	(32,407)
Earnings per share:					
Basic and diluted earnings per share in US cent		0.00	0.03	(0.14)	(0.09)

The notes on pages 9 to 15 are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Financial Position as at 30 June 2024

	Notes	30.06.2024	31.12.2023
Assets:			
Operating assets		567,831	555,110
Right-of-use assets		383,362	348,520
Intangible assets and goodwill		55,784	55,377
Investments in associates		29,836	8,395
Receivables and deposits		70,823	43,469
Deferred tax assets		71,619	59,728
Non-current assets		<u>1,179,255</u>	<u>1,070,599</u>
Inventories		24,399	23,841
Derivatives used for hedging		2,772	791
Trade and other receivables		180,023	161,923
Marketable securities		122,013	71,008
Cash and cash equivalents		291,161	199,514
Current assets		<u>620,368</u>	<u>457,077</u>
Total assets		<u><u>1,799,623</u></u>	<u><u>1,527,676</u></u>
Equity:			
Share capital		310,973	310,973
Reserves		30,509	20,112
Accumulated deficit		(110,289)	(44,015)
Equity attributable to equity holders of the Company		<u>231,193</u>	<u>287,070</u>
Non-controlling interest		1,519	1,277
Total equity		<u>232,712</u>	<u>288,347</u>
Liabilities:			
Loans and borrowings	11	185,813	207,390
Lease liabilities	12	381,804	332,167
Payables		84,786	53,952
Non-current liabilities		<u>652,403</u>	<u>593,509</u>
Loans and borrowings	11	41,018	44,940
Lease liabilities	12	62,409	54,083
Derivatives used for hedging		0	6,598
Trade and other payables		290,498	222,414
Deferred income	13	520,583	317,785
Current liabilities		<u>914,508</u>	<u>645,820</u>
Total liabilities		<u>1,566,911</u>	<u>1,239,329</u>
Total equity and liabilities		<u><u>1,799,623</u></u>	<u><u>1,527,676</u></u>

The notes on pages 9 to 15 are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Changes in Equity for the period from 1 January to 30 June 2024

	Attributable to equity holders of the Company									
	Share capital	Share premium	Reserves				Accumulated deficit	Total	Non- controlling interest	Total equity
			Hedging	Translation reserve	Other reserves					
1 January to 30 June 2023										
Equity 1 January 2023	310,973	0	(182)	(9,555)	29,187	(57,914)	272,509	877	273,386	
(Loss) profit for the period						(35,799)	(35,799)	323	(35,476)	
Currency translation differences				5,253			5,253	5	5,258	
Net profit on hedge of investment, net of tax				1,942			1,942		1,942	
Effective portion of changes in fair value of cash flow hedges, net of tax			3,492				3,492		3,492	
Cash flow hedges, reclassified to profit or loss			(7,618)				(7,618)		(7,618)	
Divestment of Non-controlling interest							0	(43)	(43)	
Stock options						97	97		97	
Effects of profit or loss and of subsidiaries and associates					10,003	(10,003)	0		0	
Equity 30 June 2023	310,973	0	(4,308)	(2,360)	39,190	(103,619)	239,876	1,162	241,038	
1 January to 30 June 2024										
Equity 1 January 2024	310,973		(4,655)	(1,604)	26,371	(44,015)	287,070	1,277	288,347	
(Loss) profit for the period						(59,037)	(59,037)	242	(58,795)	
Currency translation differences				(2,959)			(2,959)		(2,959)	
Net loss on hedge of investment, net of tax				(1,093)			(1,093)		(1,093)	
Effective portion of changes in fair value of cash flow hedges, net of tax			5,630				5,630		5,630	
Cash flow hedges, reclassified to profit or loss			1,162				1,162		1,162	
Stock options						420	420		420	
Effects of profit or loss of subsidiaries and associates					7,657	(7,657)	0		0	
Equity 30 June 2024	310,973	0	2,137	(5,656)	34,028	(110,289)	231,193	1,519	232,712	

The notes on pages 9 to 15 are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Cash Flows for the six months ended 30 June 2024

	Notes	2024 Q2	2023 Q2	2024 YTD	2023 YTD
Cash flows to operating activities					
Profit (loss) for the period		622	13,656	(58,795)	(35,476)
Adjustments for:					
Depreciation and amortization	9	37,261	34,746	70,822	64,285
Expensed deferred cost		12,923	7,104	23,132	12,329
Net finance cost	10	2,139	7,255	5,445	10,197
Gain on sale of operating assets		(42)	(372)	(73)	(493)
Gain on sale of subsidiary		0	(1,381)	0	(1,381)
Share in loss (profit) of associates		646	(361)	1,103	174
Income tax		(98)	1,685	(13,336)	(14,285)
		53,451	62,332	28,298	35,350
Changes in:					
Inventories		820	(630)	306	(993)
Trade and other receivables		6,165	49,137	(38,279)	(26,714)
Trade and other payables		42,226	29,580	69,060	62,445
Deferred income		7,484	(3,237)	202,810	229,762
		56,695	74,850	233,897	264,500
Interest received		10,176	1,785	14,160	4,439
Interest paid		(10,079)	(9,966)	(19,010)	(20,874)
Net cash from operating activities		110,243	129,001	257,345	283,415
Cash flows to investing activities:					
Acquisition of operating assets		(30,881)	(38,356)	(59,792)	(78,722)
Proceeds from sale of operating assets		55	391	101	686
Deferred cost, change		(1,229)	(350)	(3,870)	(9,022)
Acquisition of intangible assets		(148)	(91)	(670)	(175)
Proceeds from sale of associates		212	2,895	212	2,895
Non-current receivables, change		1,727	(4,472)	2,202	(8,261)
Marketable securities, change		(72,020)	(11,469)	(51,004)	(26,678)
Net cash used in investing activities		(102,284)	(51,452)	(112,821)	(119,277)
Cash flows to financing activities:					
Proceeds from loans and borrowings		0	0	0	63,461
Repayment of loans and borrowings		(11,307)	(14,292)	(24,362)	(28,848)
Repayment of lease liabilities		(14,793)	(11,368)	(28,240)	(22,977)
Net cash used in financing activities		(26,100)	(25,660)	(52,602)	11,636
Change in cash and cash equivalents		(18,141)	51,889	91,922	175,774
Effect of exchange rate fluctuations on cash held		(3)	22	(275)	368
Cash and cash equivalents at beginning of the period		309,305	348,483	199,514	224,252
Cash and cash equivalents at period end		291,161	400,394	291,161	400,394
Marketable securities		122,013	68,837	122,013	68,837
Cash, cash equivalents and marketable securities at period end ..		413,174	469,231	413,174	469,231

Investment and financing without cash flow effect, see note 17.

The notes on pages 9 to 15 are an integral part of these Interim Consolidated Financial Statements.

Notes

1. Reporting entity

Icelandair Group hf. (the "Company") is a public limited liability company incorporated and domiciled in Iceland. The address of the Company's registered office is at Reykjavíkurlugvöllur in Reykjavík, Iceland. The Condensed Consolidated Interim Financial Statements of the Company as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries, together referred to as the "Group" and individually as "Group entities" and the Group's interests in associates. The Group primarily operates in the airline industry. The Company is listed on the Nasdaq Main Market Iceland.

The Group's audited Consolidated Financial Statements as at and for the year ended 31 December 2023 are available at its website address, www.icelandairgroup.com and at the Nasdaq Main Market Iceland website address, www.nasdaqomxnordic.com.

2. Basis of accounting

a. Statement of compliance

The Group's Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual Consolidated Financial Statements as at and for the year ended 31 December 2023.

These Condensed Consolidated Interim Financial Statements were approved for issue by the Board of Directors on 17 July 2024.

b. Basis of measurement

The Condensed Consolidated Interim Financial Statements are prepared on the historical cost basis except that derivative financial instruments, part of deferred income and certain short-term investments are stated at their fair values.

c. Going concern

The Condensed Consolidated Interim Financial Statements are prepared on a going concern basis.

3. Functional and presentation currency

The Company's functional currency is U.S. dollars (USD). These Condensed Consolidated Interim Financial Statements are presented in USD. All financial information presented in USD has been rounded to the nearest thousand, unless otherwise indicated.

4. Use of estimates and judgements

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimations of uncertainty were the same as those that applied to the audited Consolidated Financial Statements as at and for the year ended 31 December 2023.

5. Changes in accounting policies

The accounting policies and methods of computation applied in these Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31 December 2023. A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Condensed Consolidated Interim Financial Statements and they are not considered to have significant impact on the Condensed Consolidated Interim Financial Statements.

Notes, contd.:

6. Operating segments

Segment information is presented in the Condensed Consolidated Interim Financial Statements in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure and is divided into three segments; Route network, Cargo operation and Leasing operation.

The management of Icelandair Group assesses performance based on segment revenue and profit or loss and makes resource allocation decisions for the segment based on various performance metrics. The objective in making resource allocation decisions is to optimize consolidated financial results.

Inter-segment pricing is determined on an arm's length basis.

Route network

The Route network business unit is the main reporting segment, which provides international and domestic passenger air travel to, from, via and within Iceland by the entities Icelandair ehf. and Flugfélag Íslands ehf.

The segment also consist of the parent company Icelandair Group hf., the holding company, and other entities such as Iceeignir, a real estate entity, IceCap, a captive insurance entity, CAE Icelandair Flight Training, which operates flight simulators and Feria, a travel agency, are platform functions of the business that primarily support the Group entities in this segment and are therefore classified within this segment.

Cargo operation

The Cargo operation offers air-freight services to, from, via and within Iceland by utilizing the capacity within the aircraft of the Icelandair passenger network as well as with their own freighters.

Leasing operation

The Leasing operation offers aircraft leasing and consulting services to international passenger airlines and tour operators.

Reporting segments for the six months ended 30 June 2024

	Route network	Cargo operation	Leasing operation	Adjustments	Total
External revenue	588,845	38,070	41,429	0	668,344
Inter-segment revenue	31,399	1,820	651	(33,870)	0
Total segment revenue	620,244	39,890	42,080	(33,870)	668,344
External operating cost	(627,782)	(21,801)	(13,522)	0	(663,105)
Internal operating cost	(1,866)	(16,268)	(15,736)	33,870	0
Total operating cost	(629,648)	(38,069)	(29,258)	33,870	(663,105)
Depreciation and amortization	(61,914)	(2,502)	(6,406)	0	(70,822)
Segment EBIT	(71,318)	(681)	6,416	0	(65,583)
Net finance cost	(4,713)	(1,123)	391	0	(5,445)
Income tax	14,336	361	(1,361)	0	13,336
(Loss) profit	(62,798)	(1,443)	5,446	0	(58,795)
Segment assets	1,706,038	88,371	100,790	(95,576)	1,799,623
Capital expenditures	53,817	1,898	12,978	(4,361)	64,332
Segment liabilities	1,517,958	71,392	73,137	(95,576)	1,566,911

Notes, contd.:

6. Operating segments, contd.:

Reporting segments for the six months ended 30 June 2023

	Route network	Cargo operation	Leasing operation	Adjustments	Total
External revenue	560,819	50,000	36,616	0	647,435
Inter-segment revenue	28,830	1,157	182	(30,169)	0
Total segment revenue	589,649	51,157	36,798	(30,169)	647,435
External operating cost	(574,467)	(35,124)	(14,330)	0	(623,921)
Internal operating cost	(1,337)	(19,951)	(8,881)	30,169	0
Total operating cost	(575,804)	(55,075)	(23,211)	30,169	(623,921)
Depreciation and amortization	(55,330)	(4,002)	(4,953)	0	(64,285)
Segment EBIT	(41,486)	(7,919)	8,634	0	(40,771)
Net finance cost	(8,529)	(1,882)	214	0	(10,197)
Income tax	14,093	1,960	(1,768)	0	14,285
(Loss) profit	(34,714)	(7,841)	7,079	0	(35,476)
Segment assets	1,678,415	109,090	53,477	(77,265)	1,763,717
Capital expenditures	80,210	7,843	9,128	(9,262)	87,919
Segment liabilities	1,492,116	82,839	24,989	(77,265)	1,522,679

Geographic information

The geographic analyses the Group's revenue as the majority of the Group's clients are outside of Iceland. The vast majority of the Group's non-current assets are located in Iceland. In presenting the following information the Group's revenues have been based on geographic location of customers.

Geographic segments for the six months ended 30 June 2024

	North America	Europe	Iceland	Other	Total
Passenger revenue	313,953	125,300	101,902	10,889	552,045
Cargo revenue	3,104	13,232	19,343	1,903	37,581
Leasing revenue	17,434	0	1,585	20,963	39,982
Other Operating revenue	1,399	1,523	35,472	342	38,736
Total revenue	335,890	140,055	158,302	34,097	668,344
Total revenue %	50%	21%	24%	5%	100%

Geographic segments for the six months ended 30 June 2023

	North America	Europe	Iceland	Other	Restated Total
Passenger revenue	288,268	123,585	101,479	9,937	523,268
Cargo revenue	1,712	14,614	29,382	2	45,711
Leasing revenue	16,274	0	2,504	19,761	38,539
Other Operating revenue	2,416	1,386	36,089	26	39,917
Total revenue	308,670	139,585	169,454	29,726	647,435
Total revenue %	47%	22%	26%	5%	100%

Notes, contd.:

7. Operating income

	2024 Q2	2023 Q2	2024 YTD	2023 YTD
Passenger revenue is specified as follows:				
Passenger revenue	330,178	330,123	514,138	486,462
Ancillary revenue	23,005	22,605	37,907	36,806
Total passenger revenue	353,183	352,728	552,045	523,268
Other operating revenue is specified as follows:				
Revenue from tourism	10,376	10,128	22,423	22,520
Sale at airports	1,218	1,774	2,577	3,267
Aircraft handling	2,483	1,957	3,684	3,148
Gain on sale of operating assets	42	373	73	498
Other operating revenue	4,542	5,744	9,979	10,484
Total other operating revenue	18,661	19,976	38,736	39,917

8. Operating expenses

	2024 Q2	2023 Q2	2024 YTD	2023 YTD
Salaries and salary-related expenses are specified as follows:				
Salaries	83,129	78,996	155,462	138,752
Contributions to pension funds	13,466	12,570	25,430	22,254
Other salary-related expenses	10,373	14,364	20,568	23,586
Total salaries and salary-related expenses	106,968	105,930	201,460	184,592
Average number of full time equivalents	3,708	3,795	3,573	3,443
Aircraft fuel is specified as follows:				
Aircraft fuel	89,926	82,840	152,082	143,384
Emission charges	5,602	6,474	8,689	10,534
Fuel hedges	1,003	6,266	(152)	8,270
Total aircraft fuel cost	96,531	95,580	160,619	162,188
Other aviation expenses is specified as follows:				
Aircraft and engine lease	529	6,188	1,651	7,035
Aircraft handling, landing and navigation	42,181	39,000	71,258	65,347
Aircraft maintenance expenses	31,136	25,836	55,509	47,452
Total other aviation expenses	73,846	71,024	128,418	119,834
Other operating expenses are specified as follows:				
Travel and other employee expenses	19,689	18,799	35,311	32,435
Tourism expenses	7,990	7,283	17,321	16,396
IT expenses	7,942	8,534	16,868	15,702
Advertising	5,710	5,829	13,449	14,140
Booking fees and commission expenses	17,018	17,169	29,003	26,778
Customer services	21,401	16,162	36,472	27,755
Operating cost of real estate and fixtures	2,314	2,390	5,015	4,756
Allowance for bad debt	33	854	547	1,389
Other operating expenses	9,371	9,026	18,622	17,956
Total other operating expenses	91,468	86,046	172,608	157,307

9. Depreciation and amortization

	2024 Q2	2023 Q2	2024 YTD	2023 YTD
The depreciation and amortization charge in profit or loss is specified as follows:				
Depreciation of operating assets	23,632	22,393	44,179	40,557
Depreciation of right-of-use assets	13,506	12,247	26,381	23,525
Amortization of intangible assets	123	106	262	203
Depreciation and amortization recognized in profit or loss	37,261	34,746	70,822	64,285

Notes, contd.:

10. Finance income and (finance cost)

	2024 Q2	2023 Q2	2024 YTD	2023 YTD
Finance income and (finance cost) are specified as follows:				
Interest income on cash and cash equivalents and marketable securities	6,884	3,055	13,131	6,902
Interest income on lease receivables	818	42	1,156	92
Other interest income	1,266	517	2,728	1,368
Net currency exchange (loss) gain	0	(438)	0	1,152
Finance income total	8,968	3,176	17,015	9,514
Interest expenses on loans and borrowings	(4,008)	(4,784)	(8,132)	(9,062)
Interest on lease liabilities	(5,980)	(4,968)	(10,732)	(9,373)
Other interest expenses	(631)	(679)	(2,027)	(1,276)
Net currency exchange loss	(488)	0	(1,569)	0
Finance cost total	(11,107)	(10,431)	(22,460)	(19,711)
Net finance cost	(2,139)	(7,255)	(5,445)	(10,197)

11. Loans and borrowings

This note provides information on contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost, and changes during the year.

Loans and borrowings are specified as follows:

	30.6.2024	31.12.2023
Non-current loans and borrowings:		
Secured bank loans	216,144	239,335
Unsecured loans	10,687	12,995
Total loans and borrowings	226,831	252,330
Current maturities	(41,018)	(44,940)
Total non-current loans and borrowings	185,813	207,390
Current loans and borrowings:		
Current maturities	41,018	44,940
Total current loans and borrowings	41,018	44,940
Total loans and borrowings	226,831	252,330

Terms and debt repayment schedule:

	Currency	Nominal interest rates	Year of maturity	Total remaining balance	
				30.6.2024	31.12.2023
Secured bank loans	USD	6.9%	2026-2034	180,900	199,589
Secured bank loans	EUR	4.0%	2028	35,244	39,746
Unsecured loans	ISK	4.4%	2026-2030	10,687	12,995
Total interest-bearing liabilities				226,831	252,330

The Company has two committed credit lines in place with local banks in the total amount of USD 52 million. The lines were undrawn at 30 June 2024.

	30.6.2024	31.12.2023
Repayments of loans and borrowings are specified as follows:		
Repayments in 2024 (6 months)(2023: 12 months)	20,456	44,940
Repayments in 2025	41,207	41,542
Repayments in 2026	38,093	38,372
Repayments in 2027	20,777	21,124
Repayments in 2028	54,959	54,999
Subsequent repayments	51,339	51,353
Total loans and borrowings	226,831	252,330

The Group was not in breach of any financial covenants at 30 June 2024.

Notes, contd.:

12. Lease liabilities

This note provides information of the Group's lease liabilities, which are measured at amortized cost, and changes during the year.

	Currency	Interest rates	Year of maturity	Total remaining balance	
				30.6.2024	31.12.2023
Lease liabilities	USD	5.0%	2024-2033	436,656	376,530
Lease liabilities indexed	ISK	5.1%	2024-2038	6,475	8,415
Lease liabilities	GBP	2.2%	2024-2026	322	437
Lease liabilities	other	6.5%	2024-2028	760	868
Current maturity				(62,409)	(54,083)
Total lease liabilities				381,804	332,167

	30.6.2024	31.12.2023
Repayments of lease liabilities are specified as follows:		
Repayments in 2024 (6 months)(2023: 12 months)	31,513	54,083
Repayments in 2025	61,965	52,432
Repayments in 2026	62,326	52,287
Repayments in 2027	59,270	48,474
Repayments in 2028	54,716	43,100
Subsequent repayments	174,423	135,874
Total loans and borrowings	444,213	386,250

Further lease commitments are in place for seven A321LR aircraft scheduled for delivery to the Route network as demonstrated in the table below. The total lease liability for these seven aircraft is estimated to be around USD 307 million.

	Q4 2024	Q1 2025	Q4 2025	Q1 2026	Total
A321LR	2	2	2	1	7
Total	2	2	2	1	7

13. Deferred income

Sold unused tickets, fair value of unredeemed frequent flyer points and other prepayments are presented as deferred income in the Consolidated Statement of Financial Position.

	30.6.2024	31.12.2023
Deferred income is specified as follows:		
Sold unused tickets and vouchers	478,476	272,481
Frequent flyer points	24,558	22,137
Other prepayments	17,549	23,167
Total deferred income	520,583	317,785

The amount allocated to sold unused tickets and vouchers is the book value of fares and fuel surcharges that the Group has collected and is liable for to passengers. Thereof sold tickets with future travel dates amounted to USD 458.7 million (2023: USD 247.1 million) and vouchers amounted to USD 19.8 million (2023: USD 25.4 million). When issued the vouchers are generally valid for 3 years. The validity of covid-related vouchers has been extended by an additional two years from the date of original issuance.

The amount allocated to frequent flyer points is estimated by reference to the fair value of the discounted services for which they could be redeemed, since the fair value of the points themselves is not directly observable. The fair value of the discounted services for which the points, granted through a customer loyalty program, can be redeemed takes into account the expected redemption rate and the timing of such expected redemptions. That amount is recognized as deferred income.

Other prepayments consist mainly of prepayments for packages and charter flights.

Notes, contd.:

14. Financial instruments and fair value

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows. The table does not include fair value information for financial assets and liabilities measured at fair value if the carrying amount is a reasonable approximation of fair value:

	30.6.2024		31.12.2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives used for hedging	2,772	2,772	(5,807)	(5,807)
Unsecured bond issue	(10,687)	(10,137)	(12,995)	(12,285)
Secured loans	(216,144)	(220,828)	(239,335)	(249,713)
Lease liabilities	(444,213)	(444,213)	(386,250)	(386,250)
Total	(668,272)	(672,406)	(644,387)	(654,055)

15. Capital commitments

On 6 July 2023, the Group finalized the purchase agreement for up to 25 A321XLR aircraft from Airbus. The order consists of 13 firm orders and purchase rights for up to 12 additional aircraft. The aircraft deliveries will commence in 2029. In addition the Group has also concluded long-term agreements for seven new A321LR aircraft, five with SMBC Aviation Capital Limited and two with CDB Aviation, scheduled for delivery to the Route network as demonstrated in the table in note 12.

16. Group entities

The Company held the following significant subsidiaries at the end of June 2024:

	Ownership interest	
	Q2 2024	2023
IceCap Insurance PCC Ltd.	100%	100%
Iceignir ehf.	100%	100%
Icelandair ehf.	100%	100%
CAE Icelandair Flight Training ehf.	67%	67%
Flugfélag Íslands ehf.	100%	100%
Icelandair Cargo ehf.	100%	100%
FERIA ehf.	100%	100%
Loftleiðir - Icelandic ehf.	100%	100%

The subsidiaries further own seven minor operating companies that are also included in the Interim Consolidated Financial Statements.

17. Investment and financing without cash flow effect

Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of the Group and should be excluded from the Statement of Cash Flows. The exclusion of non-cash transactions from the Statement of Cash Flows as these items do not involve cash flows in the current period.

	2024	2023	2024	2023
	Q2	Q2	YTD	YTD
Investment and financing without cash flow effect:				
New or renewed leases	51,613	578	87,476	73,405
Acquisition of right-of-use assets	(48,790)	(578)	(59,213)	(73,405)
Non-current receivables	(2,823)	0	(28,263)	0
Investment in associates	(22,917)	0	(22,917)	0
Trade and other receivables	22,917	0	22,917	0
Non-current receivables, pre delivery payments	(9,938)	0	(9,938)	0
Trade and other payables	9,938	0	9,938	0

Alternative performance measures (APMs)

Traffic	2024 Q2	2023 Q2	2024 YTD	2023 YTD
Available seat-kilometers ASK (m.)	4,563	4,226	7,422	6,581
RASK (US cents)	7.9	8.6	7.7	8.2
CASK (US cents)	8.0	8.2	8.7	9.0
CASK less fuel (US cents)	6.0	6.1	6.7	6.8
Yield (USD cents)	9.1	9.6	8.9	9.2
Revenue Passenger Kilometer (RPK m.)	3,722	3,535	5,914	5,366
Passenger total ('000)	1,218	1,181	1,975	1,845
On-Time-Performance OTP	86.0%	75.1%	85.3%	76.0%
Passenger flights	4,834	4,488	8,201	7,308
Passenger load factor	81.6%	83.6%	79.7%	81.5%
Sold Block Hours - Leasing	4,798	3,798	8,861	7,530
Freight ton kilometers (FTK '000)	29,871	45,914	69,273	89,147
Total CO2 emissions tons ('000)	305	303	499	480
CO2 emissions per OTK	0.74	0.74	0.76	0.76
Passenger mix ('000)				
To	352	417	636	705
From	194	214	344	352
Via	604	482	866	659
Within	68	68	129	129
Capital structure			30.6.2024	31.12.2023
Total cash and marketable securities (USD '000)			413,174	270,522
Liquidity (USD '000)			465,174	322,522
Net interest-bearing debt (USD '000)			(186,343)	(18,192)
Net lease liabilities (USD '000)			406,863	370,564
Net financial liabilities (USD '000)			220,520	352,372
Current ratio			0.68	0.71
Equity ratio			0.13	0.19
Intrinsic value of share capital			0.75	0.93
Other	2024 Q2	2023 Q2	2024 YTD	2023 YTD
Effective fuel price (USD pr. Metric ton)	936	913	943	989
CAPEX, gross (USD '000)	32,258	38,797	64,332	87,919
CAPEX, net (USD '000)	32,203	38,406	64,231	87,233
Average FTE	3,708	3,795	3,573	3,443

Alternative performance measures (APMs), contd.:

Traffic

Available seat-kilometers (ASK)	The total number of seats available on scheduled flights multiplied by the number of kilometers these seats were flown
RASK	Total revenues on a given flight divided by the ASK on that same flight
CASK	Total operating and depreciation cost per available seat kilometer is calculated by dividing total operating and depreciation cost on a given flight by available seat kilometers (ASK) on that flight
CASK less fuel	Total operating and depreciation cost per available seat kilometer less fuel is calculated by deducting cost of fuel, fuel hedges, carbon emissions trading expenses and de-icing from total operating and depreciation cost and divide by total available seat kilometers (ASK)
Yield	The average amount of total passenger revenue received per paying passenger flown one kilometer. Total Yield is calculated as total passenger revenue/RPK. Total passenger revenue used for this calculation includes airfare, excess baggage, cabin upgrade and seat selection revenue
Revenue Passenger Kilometer (RPK) ..	The number of revenue passengers carried on scheduled flights multiplied by the number of kilometers flown
Passengers total	Each passenger is counted by the number of flight coupons his journey requires. A passenger flying KEF-CPH is counted as one passenger, a passenger flying NYC-KEF-CPH is counted as two passengers
On-Time-Performance (OTP)	A measure of flights arriving within 15 minutes of scheduled arrival time. OTP is calculated by dividing the number of arrivals that arrive within 15 minutes of scheduled arrival time with the total number of arrivals
Passenger flights	Flight flown by an airline for the purpose of carrying passengers, belly freight and mail according to a published timetable for which it receives commercial remuneration
Passenger load factor	Calculated by dividing RPK by ASK
Sold Block Hours - Leasing	Sold Block Hours in the leasing operation. Block Hours is the time computed from the moment the blocks are removed from the wheels of the aircraft until they are replaced at the next point of landing
Freight ton kilometers (FTK)	The number of tons of freight carried, obtained by counting each ton of freight on a particular flight (with one flight number)
Total CO2 emissions tons	Carbon emission from all flights, measured in tons
CO2 emissions per OTK	CO2 emitted by moving one payload tonne one kilometer for all international flights
Passenger mix:	
To	Passenger visiting Iceland
From	Passengers originating in Iceland visiting destinations outside of Iceland
VIA	Passengers traveling across the Atlantic connecting in Iceland
Within	Passengers traveling solely within Iceland

Capital structure

Total cash and marketable securities	Cash and cash equivalents (including cash from assets held for sale) and marketable securities
Liquidity	Total cash and cash equivalents (including cash from assets held for sale), marketable securities and undrawn revolving facilities
Net interest-bearing debt	Loans and borrowings, net of total cash and marketable securities
Net lease liabilities	Lease liabilities (including assets held for sale, net of lease receivables)
Current ratio	Indicates how many times over current assets can cover current liabilities and is calculated by dividing current assets with current liabilities
Equity ratio	Indicates the ratio of how leveraged the Company is and is calculated by dividing total equity with total assets
Intrinsic value of share capital	Indicates the book value of each share and is calculated by dividing total equity with share capital

Alternative performance measures (APMs), contd.:

Other

Effective fuel price	Cost of jet fuel and surcharges, including hedging results, but excluding de-icing and emissions trading cost (pr. ton)
CAPEX, gross	Capital expenditure of operating assets, intangible assets and deferred cost
CAPEX, net	Capital expenditure of operating assets, intangible assets and deferred cost less proceeds from sale of operating assets
Average FTE	Average full time employee equivalent

